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Report of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

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Letter of transmittal

I have the honour to submit to the General Assembly the annual report on the work of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). The report, which covers the period from 1 January 2007 to 31 December 2007, is submitted in compliance with paragraph 21 of resolution 302 (IV) of 8 December 1949 and paragraph 8 of resolution 1315 (XIII) of 12 December 1958.

As in previous years, the report describes the Agency's operational context, summarizing the most critical influences on UNRWA operations in Jordan, the Syrian Arab Republic, Lebanon, the West Bank and Gaza. The report outlines the legal matters that have engaged the attention of UNRWA, progress in the Agency's organizational development reforms and the Agency's financial condition. The next part of the report is devoted to a performance review of UNRWA education, health, relief and social services and microfinance programmes. An analysis of programme outcomes is offered, along with indicators and a summary of significant activities. An overview of the infrastructure and camp improvement programme is also provided.

Following established practice, a draft version of the report was shared with members of the UNRWA Advisory Commission, which comprises representatives of 21 Member States and three observer delegations, including those of Palestine and the European Commission. The Advisory Commission discussed and endorsed the contents of the report during its session held in Damascus on 10 and 11 June 2008. The views of the Commission are contained in the attached letter addressed to me by its Chairman. I express my appreciation for the Commission's actively supportive engagement with UNRWA and for its constructive advice to me. I have also maintained the practice of sharing the annual report in draft form with representatives of the Government of Israel. As a result of this process of wide consultations, the annual report reflects, to a significant extent, the varied perspectives of the principal UNRWA stakeholders.

As this report covers calendar year 2007, I shall now bring to your attention highlights of the UNRWA operational context in the occupied Palestine territory and Lebanon, as well as its principal concerns during the period from January to July 2008.

In the occupied Palestinian territory, the state of Palestine refugees remains precarious, with high levels of unemployment, poverty and economic decline compounded by extensive violations of Palestinian rights. In the West Bank, the barrier and its associated regime continue to expand in defiance of international law, crippling the economy, paralysing livelihoods and diminishing prospects for a return to normal Palestinian life. Incursions by the Israel Defense Forces have continued in the West Bank, including in areas where Palestinian security forces are deployed.

Between January 2008 and early July 2008, closure obstacles increased in number from 569 to 608. Approximately 40 per cent of the West Bank is taken up by settlements, outposts, military bases, military zones and other areas from which Palestinians are excluded. Israeli settlement activity in the West Bank continues; tenders for the construction of 847 new housing units have been issued by the Israeli authorities since the Annapolis meeting in November 2007. The increasing rigidity of the closure regime adversely affects UNRWA humanitarian operations. In March 2008, checkpoints and other movement restrictions around East Jerusalem caused more delays and lost working hours for United Nations staff than in all of 2007. As a condition for allowing passage through checkpoints, Israeli soldiers have frequently demanded searches of UNRWA vehicles that would violate the immunity of the United Nations and to which UNRWA has not submitted.

Gaza remains in a state of isolation and perennial hardship. In February, the Rafah border with Egypt was forcibly breached. In the 10-day period until it was resealed, many thousands of Gazans crossed into Egypt to stock up on essential goods made scarce by the siege imposed by Israel in late 2007. Severe fuel shortages resulting from the siege have paralysed public services, including sanitation and sewage treatment, which have a direct bearing on public health. Millions of litres of raw or partially treated sewage are regularly discharged into the Mediterranean Sea.

In January UNRWA launched a $237.7 million emergency appeal for Gaza and the West Bank for 2008 to enable the provision of food aid, temporary job placements, cash assistance, emergency health care, psychosocial support and a range of special interventions for children and youth most in need. In the light of rapidly rising food and fuel prices, the budget for the appeal was revised upwards to $262.4 million in mid-2008. To date, $148 million has been pledged, necessitating a reduction in the scope of the planned activities.

From January to the last week of June 2008, 388 Palestinians were killed and 843 were injured in the course of military incursions by the Israel Defense Forces in Gaza. Attacks by Palestinian militants, including with mortars and rockets, killed nine Israelis during the same period.

An Egypt-brokered informal ceasefire between Israel and Hamas came into effect on 21 June, bringing with it a period of welcome — if uneasy — calm. The agreement reportedly envisaged the gradual reopening of Gaza's borders and an easing of commercial and movement restrictions. By the end of July, however, sporadic violations of the ceasefire were reported by both sides and there were no discernible improvements to the overall state of the siege of Gaza.

In Lebanon, the first half of the year brought positive prospects that demand committed international support. Following 10 days of interfactional fighting in May, the long-running constitutional crisis in Lebanon was resolved with the election of President Sleiman on 25 May and the subsequent reappointment of Prime Minister Siniora. These developments are encouraging for Lebanon's future and for the work of UNRWA. The Agency is renewing its efforts to secure refugees' access to employment, secondary education and other fundamental rights and to implement a long-standing plan to improve residential and living conditions in all refugee camps. In partnership with the Government of Lebanon, the World Bank, the Palestine Liberation Organization and other agencies, UNRWA embarked on a $445 million plan for the reconstruction of Nahr el-Bared refugee camp and its

surrounding communities. On 23 June, the Government of Austria hosted a conference in Vienna to raise funds for the reconstruction plan. As at 31 July, $159.37 million had been pledged by 27 donors, with contributions from Arab countries expected to follow. UNRWA will launch a separate $42 million relief and recovery appeal for Nahr el-Bared, to ensure assistance to the displaced refugees for the period from 1 September 2008 to 31 December 2009.

The uncertain financial situation of UNRWA continues to be of major concern. In addition to the General Fund deficit of $98.8 million, increased expenditure in the region of $44.3 million for 2008 limits the ability of UNRWA to plan on the basis of refugee needs or to enhance the quality of services to Palestine refugees. The pressure on UNRWA finances has been exacerbated by global increases in the price of food, fuel and commodities and the fall of the United States dollar, coupled with the reduction or removal of some government subsidies in the region. These have in turn created hardships for many of our staff, justifying salary increases, which further weaken the Agency's financial position.

These considerations motivated UNRWA to request an extraordinary session of the Advisory Commission at the end of April, to alert stakeholders to the insecure status of UNRWA finances and to request their assistance to help restore financial stability. The Advisory Commission showed genuine understanding for the Agency's situation. In his letter addressed to me, the Chairman of the Advisory Commission called on the international donor community to provide adequate funding for the work of UNRWA. I reiterate that call and urge the States Members of the United Nations to act in a spirit of solidarity to ensure that UNRWA programmes are fully funded so that the needs of Palestine refugees can be met.

Amid its difficult operational and economic environment, UNRWA presses forward with its organizational development process of comprehensive management reforms. The building blocks for programme cycle management have been established, and the steps towards instituting a medium-term strategy that anchors Agency-wide planning and budgeting are advancing as planned. The evolution towards well-structured and modern human resources management is also on track, while the work on retooling internal processes is proceeding well. Of particular importance is the extent to which the organizational development process is broadly accepted across UNRWA. It is this assimilation of reforms into the thinking and behaviour of staff that will ultimately deliver the permanent institutional transformation that UNRWA seeks.

This year marks the sixtieth anniversary of the genesis of the Palestine refugee phenomenon. It is also 60 years since the Universal Declaration of Human Rights was adopted. In 2009, UNRWA will commemorate six decades of existence. These anniversaries offer opportune moments to consider how international actors can do more to give meaning to human dignity for Palestine refugees and bring closer to realization the elusive goal of justice for Palestinians and a viable State of their own.

Karen **Koning AbuZayd**
Commissioner-General
United Nations Relief and Works Agency for Palestine Refugees in the Near East

Letter dated 11 June 2008 from the Chairman of the Advisory Commission of the United Nations Relief and Works Agency for Palestine Refugees in the Near East to the Commissioner-General of the Agency

At its regular session held in Damascus on 10 and 11 June 2008, the Advisory Commission of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) considered your draft annual report on UNRWA activities and operations, covering the period from 1 January 2007 to 31 December 2007, to be submitted to the General Assembly at its sixty-third session.

The Commission commends UNRWA for its efforts to continue delivering its programmes and services to all Palestine refugees in its fields of operation. The Commission also reiterates the need to ensure that UNRWA is able to continue delivering education, health and social services to the refugees until a just solution is reached, in accordance with General Assembly resolutions 194 (III) and 302 (IV). Further, the Commission commends UNRWA for its efforts in addressing the urgent needs of Palestine refugees. The Commission notes that those humanitarian assistance needs the meeting of which is funded through emergency appeals increased considerably in 2007 in the occupied Palestinian territory and Lebanon.

The Commission is concerned that the separation barrier, closures, curfews and other restrictions on movement imposed by the Israeli authorities in the West Bank and Gaza Strip are leading to further hardship for the affected population. These restrictions obstruct access to sources of employment and work, as well as essential goods and services. They have, moreover, seriously restricted the ability of UNRWA to carry out its mandated tasks. The Commission therefore reiterates the urgent need to remove restrictions relating to the movement of UNRWA staff and goods, in keeping with international law, the November 2005 Agreement on Movement and Access concluded between the Government of Israel and the Palestinian Authority and the 1967 Comay-Michelmore agreement between UNRWA and the Government of Israel.

The Commission remains concerned about obstructions to the Agency's services and violations and damages to its premises. The Commission opposes the continued efforts of Israel to impose a direct tax charge amounting to $132,524 and additional restrictions on Agency containers passing through Gaza crossings, leading to an estimated increase of $1.9 million in the Agency's normal operating costs, including approximately $0.56 million for palletization costs. These charges are in violation of the exemption granted to UNRWA under the 1946 Convention on the Privileges and Immunities of the United Nations. The Commission once more calls upon the General Assembly to examine this issue at its sixty-third session and to consider including in its resolution dealing with UNRWA operations a clause calling for reimbursement of these charges by the Israeli authorities.

In 2007, hardships endured by the majority of Gazans deepened further, as the territory's economy was subjected to a blockade. The Commission expresses concern over the negative impact of these restrictions on, inter alia, $93 million worth of UNRWA development projects in Gaza. The Commission commends UNRWA for the manner in which it responded to the deteriorating situation in Gaza, by increasing its emergency humanitarian assistance while continuing to provide its basic services in difficult and sometimes dangerous circumstances. Efforts

undertaken to raise the quality of education imparted to refugee children and the Summer Games programme deserve special mention, given the important role they played in ameliorating the suffering of refugee children and sustaining hope in a better future.

The Commission is concerned that, in Lebanon, UNRWA operations remained on an emergency footing for the second consecutive year, due principally to the conflict that occurred at the Nahr el-Bared camp. Its destruction displaced 33,000 Palestine refugees, putting great pressure on the nearby Beddawi camp in particular. The Commission strongly supports UNRWA efforts to rebuild the camp, in close coordination with the Lebanese Government and the Palestine Liberation Organization, recognizing the large dimensions of the task ahead.

The Commission emphasizes its concerns regarding respect for international law, including international humanitarian law, and urges UNRWA to continue to report on the impact of violations of international humanitarian law on its operations in the West Bank and Gaza.

The Commission reiterates its long-standing view that the enduring hardships of Palestine refugees underscore the critical role of UNRWA. In this regard, it notes with concern that in 2007 UNRWA experienced a General Fund shortfall of $90.9 million, which necessitated the adoption of stringent austerity measures. While greatly appreciating the long-term support of major donors for UNRWA operations, the Commission urges the international donor community as a whole to rapidly close the gap between needs identified in the budget and funds provided to UNRWA. At the same time, the Commission recognizes the efforts being made to broaden the donor base.

The UNRWA emergency appeal for $246 million in 2007 for the occupied Palestinian territory was its largest to date. However, the Commission notes with concern that UNRWA received only $142 million, representing 58 per cent of the amount requested.

The Commission supports fully and completely efforts led by you and the Deputy Commissioner-General to ensure the continuous reform of UNRWA, in order to improve its effectiveness. The Commission recognizes UNRWA efforts to continue to monitor and evaluate implementation of the organizational development process. In this regard, it welcomes the further implementation of the process, with its emphasis on building a strategic framework for UNRWA operations. The Commission also praises the Agency's decision to develop a medium-term strategy for the period 2010-2015 and ensure that future strategic objectives are based on concrete needs assessments, enabling UNRWA to accurately identify and help Palestine refugees achieve their full potential in human development terms.

The Commission stresses the need to continue to build upon the considerable momentum created since the 2004 Geneva conference in areas including: the well-being of the Palestine refugee child and community and socio-economic development, as well as successful management reform, mobilization of resources, improvement of infrastructure and camp rehabilitation. It also urges further development of approaches that encourage refugee participation in the implementation of Agency services.

The Commission expresses great concern over the killing of UNRWA staff members. The Commission is also concerned about the lack of Agency access to or

information regarding its staff held by Israeli authorities. It reaffirms the need to respect the integrity of the United Nations and the security of its staff operating in areas of conflict, consistent with Security Council resolution 1502 (2003) on the protection of United Nations personnel, associated personnel and humanitarian personnel in conflict zones, and commends UNRWA area staff for their resolute and effective work in response to the emergencies in the West Bank, the Gaza Strip and Lebanon.

The Commission commends the dedication, commitment and constant engagement of UNRWA staff members, often in life-threatening conditions, who have made a significant contribution to the relief of grave humanitarian needs and the maintenance of regular operations.

The Commission thanks UNRWA for its cooperation with the Advisory Commission and encourages the further deepening of this relationship. The Commission welcomes the improved structure and comprehensiveness of the UNRWA annual report and appreciates that the reporting is based on the measurement of performance indicators of various programmes.

The Commission thanks the host countries and donors for their continued strong support for Palestine refugees. Finally, the Commission expresses its gratitude for your unstinting personal commitment to the Palestine refugees and for the effective leadership you provide to UNRWA.

Ali **Mustafa**
Chairman of the Advisory Commission

Chapter I
Introduction

1. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) was established pursuant to General Assembly resolution 302 (IV) of 8 December 1949. The Agency became operational on 1 May 1950, responding to the needs of about 750,000 Palestine refugees. It is now one of the largest United Nations programmes, with a population of 4.56 million Palestine refugees under its mandate and over 29,000 staff.

2. The mission of UNRWA is to contribute to the human development of Palestine refugees in the Gaza Strip, the West Bank, Jordan, Lebanon and the Syrian Arab Republic until a durable and just solution is found to the refugee issue. The Agency fulfils this purpose by providing a variety of essential services within the framework of international standards. They include primary (and in Lebanon secondary) education, comprehensive primary health care, emergency relief, social interventions, microfinance, housing and infrastructural support. Among United Nations agencies, it is unique in delivering services directly to refugees.

3. The Agency's vision is for every Palestine refugee to enjoy the best possible standards of human development, including attaining his or her full potential individually and as a family and community member; being an active and productive participant in socio-economic and cultural life; and feeling assured that his or her rights are being defended, protected and preserved.

4. UNRWA is a global advocate for the protection and care of Palestine refugees. In humanitarian crisis and armed conflict, the Agency's emergency interventions, and its presence, serve as tangible symbols of the international community's concern and ultimately contribute to a stable environment.

5. The UNRWA education programme aims to provide Palestine refugees with quality education and opportunities to acquire knowledge, skills, attitudes and values that enhance their development as responsible individuals able to make informed decisions and positively contribute to society.

6. The Agency safeguards and promotes the health status of the registered Palestine refugees through its health programme. It pursues that goal within the available means and in a manner consistent with the principles of the United Nations, the basic concepts and strategic approaches of the World Health Organization (WHO), the health-related Millennium Development Goals and the Convention on the Rights of the Child.

7. The Agency's relief and social services programme provides a social safety net for Palestine refugees most affected by poverty and promotes the self-reliance of women, the elderly, youth and those with disabilities.

8. The microfinance and microenterprise programme promotes economic development and alleviates poverty by providing credit for enterprise, household consumption and housing needs.

9. The infrastructure and camp improvement programme provides an integrated, participatory and community-based approach to improving the quality of life of camp residents and the living conditions in refugee camps. This is achieved by coordinating social and physical interventions and by developing housing and infrastructure in ways that promote environmentally sustainable neighbourhoods.

Chapter II
Contextual overview

A. Political, economic and security developments

10. In 2007, the most striking developments occurred in the occupied Palestinian territory and Lebanon. Particularly significant were the establishment of a short-lived government of national unity and the takeover of the Gaza Strip by Hamas in mid-June 2007, following several months of armed clashes between Hamas and Fatah. Factional violence reached a climax in the period 11 to 17 June, claiming the lives of 188 Palestinians, including 4 children. UNRWA suspended most of its operations in Gaza for two days in response to the death of two staff members killed in the crossfire.

11. On 17 June, with Hamas in de facto control of the Gaza Strip, President Mahmoud Abbas dissolved the Palestinian National Unity Government. The latter half of the year saw political divisions between Hamas and Fatah. In September, President Abbas issued a presidential decision barring political groups from participating in future elections unless they recognized all international agreements of the Palestine Liberation Organization. In the Gaza Strip, Hamas consolidated its control, establishing a security and administrative apparatus, taking over the municipalities it did not already control and appointing judges to a new judicial structure.

12. In response to Hamas' rule in the Gaza Strip, a month-long civil disobedience campaign commenced in September, characterized by strikes by civil servants and Fatah supporters praying outside mosques. In a number of incidents improvised explosive devices (IEDs) were used in attacks on Hamas personnel and facilities, prompting further steps to tighten Hamas control. In November and December, Hamas and Fatah both mounted rallies attended by more than 100,000 supporters. Armed clashes after one Fatah rally on 12 November resulted in seven deaths and 70 injuries.

13. From 16 June, Israel closed the borders of the Gaza Strip. Exceptions were made for imports of essential humanitarian supplies, urgent medical evacuations and passage for small numbers of Palestinians with special coordination. The drastic decrease in commercial foodstuffs entering the Gaza Strip resulted in higher prices, making it more difficult for the population to supplement UNRWA food rations (which provide 61 per cent of the daily caloric intake) with fruits and vegetables. With businesses unable to import raw materials or export agricultural and other products, the private sector in Gaza came near to collapse. An estimated 75,000 people lost their jobs, and 90 per cent of all industrial establishments were closed at the end of the year. The loss of livelihoods led to a crisis in municipalities as the fees needed to ensure services such as garbage collection were not paid. A severe shortage of spare parts affected all sectors. Hospitals struggled to repair and maintain such life-saving hospital equipment as incubators, respirators and kidney dialysis machines. Several hundreds of patients sought treatment abroad every month, though many were denied permission to leave Gaza. The lengthy referral process and security procedures at Erez (the only crossing through which Palestinians can possibly move from Gaza into Israel) on numerous occasions

impeded access to specialized tertiary medical care. There were cases in which patients in critical condition died while waiting to exit the Gaza Strip.

14. In 2007, 301 Palestinians, including 29 children, were killed in the course of military operations by Israel. A total of 663 Palestinians, of whom 34 were children, were injured, while 2 Israelis were killed and approximately 300 injured. In September, the Israeli security cabinet declared the Gaza Strip a hostile entity and approved the disruption of utility and fuel supplies. The Attorney General intervened to suspend cuts of electricity to Gaza, but did not oppose the reduction in fuel supplies. The first reduction in fuel supplies was effected on 28 October, followed by another on 28 November. By December, Gaza was receiving 56.16 per cent of its fuel needs.

15. The firing of rockets from the Gaza Strip into Israel continued throughout the reporting period. According to the Israeli military, approximately 1,500 mortars were launched from Gaza and 1,150 rockets landed in Sderot and communities neighbouring Gaza in 2007. In January 2007, a suicide bomber from Gaza killed three people in Eilat. One rocket attack on 11 September resulted in 69 Israel Defense Forces (IDF) injuries.

16. In the latter half of the year Israel, the international community and the Palestinian Authority began a dialogue which led to the resumption of peace talks and a conference in Annapolis, Maryland, in November. Israel released a small number of Palestinian prisoners and paid to the Palestinian Authority tax revenues it had previously withheld. Members of the Quartet reinstated budgetary support to the Palestinian Authority that had been suspended when Hamas won the Palestinian elections in January 2006.

17. In the West Bank, Palestinians continued to be subjected to an ever-tightening closure regime, house demolitions, settlement expansion and armed conflict. Construction of the barrier within the territory of the West Bank continued in defiance of the advisory opinion rendered on 9 July 2004 by the International Court of Justice on the *Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory*. By the end of the year, more than 38 per cent of West Bank territory was effectively off-limits to Palestinians. The restrictions seriously affected the economy, creating and compounding hardships for many Palestinians. Northern communities, such as Jenin, Nablus and Qalqiliya, were particularly hard hit. During 2007, 91 Palestinians and 5 Israelis were killed in the West Bank as a direct consequence of the conflict.

18. In Lebanon, UNRWA was on an emergency footing for the second consecutive year owing to the conflict that broke out on 20 May between the Lebanese Army and the multinational militant group Fatah al-Islam in Nahr el-Bared camp. The 105-day conflict ended on 2 September with the Lebanese authorities declaring victory. A reported 222 members of Fatah al-Islam and over 200 Lebanese soldiers and civilians died, and 33,000 Palestine refugees were displaced from Nahr el-Bared, mainly to the nearby Beddawi camp. The Nahr el-Bared camp was destroyed and the surrounding residential areas severely damaged.

19. The mass exodus of Nahr el-Bared residents to Beddawi camp began on 22 May. UNRWA schools served as temporary shelters and the Agency provided the displaced with emergency assistance. To ensure that the needs and concerns of the displaced were rapidly addressed, an emergency coordination team was established

in Tripoli with representation from the Lebanese Government, United Nations agencies and non-governmental organizations. A cluster system of cross-sectoral inter-agency cooperation (water and sanitation, shelter, health, education and the like) was put in place.

20. The general political and security situation in Lebanon continued to deteriorate, with several high-profile assassinations. Controversy raged over the election of a new president, with the position vacant after the departure of President Emile Lahoud in November.

21. In the Syrian Arab Republic and Jordan, UNRWA and the refugees it serves were fortunate to enjoy a more secure and stable environment. However, an influx of Iraqi refugees into both countries strained public services and helped to drive up prices, thus contributing to increased costs for the Agency.

B. Operational developments

22. Since 2000, UNRWA has administered an extensive programme of emergency assistance for refugees affected by armed conflict, closures and the deteriorating economic situation in the occupied Palestinian territory.

23. In 2007, Palestinians in the occupied Palestinian territory continued to face conditions of severe hardship and social distress. An international embargo was imposed on the Palestinian Authority following the Hamas victory in the January 2006 elections. The non-payment of Palestinian Authority customs and value-added tax (VAT) revenues by the Government of Israel and the withholding of donor assistance left the Palestinian Authority starved of funds, prompting a major fiscal crisis characterized by the non-payment of public sector salaries and the weakening of government operations. An estimated 160,000 public servants did not receive full salaries, leading to severe income losses for around one quarter of the workforce and an estimated 1 million dependants.

24. As a result, humanitarian assistance needs increased considerably in 2007. In the framework of the consolidated appeals process for the occupied Palestinian territory, UNRWA launched an emergency appeal for $246 million, the Agency's largest appeal since the start of the intifada in September 2000.

25. Although the embargo was partially lifted in June 2007 following the Hamas takeover of the Gaza Strip, allowing the Palestinian Authority to resume payment of salaries to public sector employees, the subsequent period witnessed a dramatic tightening of access restrictions into and out of the occupied Palestinian territory. The closure of major crossing points, restrictions on the entry of goods, an almost blanket prohibition on exports and reductions in power supplies, deepened the already extreme hardships endured by the majority of Gazans.

26. By the end of 2007, UNRWA had received $142 million, or approximately 58 per cent of the emergency funding requested. The funds supported the provision of emergency food aid to 257,000 refugee families, or around 60 per cent of the registered refugee population, and the creation of over 3.7 million work-days for 60,000 unemployed refugees. The demand for the Agency's job creation programme far outweighed the positions available: at the end of 2007, there were 130,000 eligible applicants for approximately 7,000 jobs. The inability of the Palestinian Authority to pay public sector salaries during the first half of 2007 compelled the

Agency to provide food aid to refugee families who had previously been self-sufficient, adding over 100,000 people to its rolls. Emergency operations included cash assistance to impoverished families, reconstruction of destroyed shelters, provision of health care through mobile clinics to families facing access problems in the West Bank and a programme of in kind support to municipalities in the Gaza Strip to ensure maintenance of vital public facilities such as those for water purification, wastewater and sewage. Emergency funding was also used to meet increasing demand at UNRWA primary health centres in the West Bank and the Gaza Strip, with the number of consultations during 2007 around 20 per cent higher than in 2006.

27. In Gaza, UNRWA provided coordinated emergency assistance to around 2,000 persons displaced from Um El-Nasser village as a result of a sewage spillage in March 2007. Five persons were killed and 25 injured, with over 250 homes damaged. In coordination with other service providers, UNRWA provided temporary shelter, food, blankets, mattresses and hygiene kits for the displaced.

28. Other operational developments in the Gaza Strip included the establishment of the Schools of Excellence programme, which, together with the "Safe and Stimulating Schools" initiative, is seeking to address years of decline in educational achievement resulting partly from the conflict in Gaza. The first Summer Games took place with almost 200,000 Gazan children participating in 10 weeks of sports, remedial learning, cultural performances, art workshops, swimming lessons, theatre, music and so on.

29. A flash appeal for $12.7 million was launched on 4 June to address the most urgent needs of displaced refugees in northern Lebanon. The response was quick, and $17 million was pledged. On 12 September, an emergency appeal of $54 million was launched to address the humanitarian needs of the displaced from Nahr el-Bared for a 12-month period from 1 September 2007 to 31 August 2008. By the end of the year, $28.7 million had been pledged with $25.4 million received.

30. The destruction of Nahr el-Bared left 400,000 to 600,000 cubic metres of rubble to be removed, of which UNRWA had shifted 75,000 cubic metres from the adjacent area by the end of the year. A project management unit was established in northern Lebanon to oversee the emergency response and reconstruction operation. As the year drew to a close, the preparation of a master plan for the reconstructed camp was well under way with UNRWA working closely with the Lebanese-Palestinian Dialogue Committee, the Government, the Nahr el-Bared Reconstruction Commission for Civil Action and Studies, representing the community, and the Lebanese Army.

31. In Jordan, Palestine refugees continued to benefit from a stable political and security environment and from the Government's excellent cooperation with UNRWA. In the Syrian Arab Republic, the Neirab rehabilitation project for the construction of 300 new refugee homes served as a model for the value of a community participation approach. The approach yielded improvements in programme design and created a new dynamic of trust and efficiency.

32. The security of UNRWA staff remained a serious concern. In the Gaza Strip, risk mitigation measures were tightened following an attack on the convoy of the Director of UNRWA Operations in Gaza, in March. During the factional fighting in

Gaza in June, an UNRWA sanitation labourer, Abudul Fattah Hussain Abu Ghali, and a trainee social worker, Hassan Al Laham, were both killed in crossfire.

33. In Lebanon, UNRWA teacher Adel Khalil Khalil was shot and killed by a sniper in Nahr el-Bared camp on 21 May. On 22 May, at a time when a ceasefire had been negotiated to allow humanitarian work to proceed, an UNRWA convoy delivering bread, milk, water and other essentials came under fire.

34. The Agency is indebted to its staff and acknowledges their dedication and loyalty in such difficult and often dangerous circumstances. It notes with regret that the local employees of UNRWA are the only United Nations staff members in the area who do not receive hazard pay. The Agency raised this anomaly with United Nations Headquarters, as it has in previous years, but had not resolved the matter by the end of the reporting period.

C. Organizational developments

35. In 2006, UNRWA began a three-year management reform programme designed to transform and modernize the main institutional components of the Agency: leadership, human resources management, organizational processes, including an overhaul of its information technology and procurement systems, and programme management. In 2007, the Agency received contributions of $9,744,634 towards its organizational development plan. The original cost of the plan was $30 million over three years but, thanks to efficiencies implemented by the Agency, it has been reduced to $26,171,084.

36. One of the key features of the organizational development plan is the establishment of a strategic framework on which to build its various elements. In June 2007, the Agency finalized its interim programme strategy and presented it to the UNRWA Advisory Commission on 5 October 2007.

37. In September 2007, the UNRWA Management Committee endorsed a process to develop a medium-term strategy for 2010-2015, to ensure that future strategic objectives were based on a concrete needs assessment and planning exercise to enable UNRWA to accurately identify and meet refugee needs, more effectively and efficiently.

38. During the reporting period, a range of tools and mechanisms were developed and measures taken to improve programme management and strategy development and to advance the reform process generally. A working group was given the task of streamlining the resource allocation process. A programme coordination and support unit was established to bring rigour and cohesion to programme planning and management, including through strengthening the monitoring and evaluation function and programming aspects of the Agency's gender mainstreaming strategy. This unit initiated the drafting of an operational handbook to build the capacity of staff in programme cycle management.

39. In the area of human resources management, the Agency developed a working document that provides comprehensive and up-to-date staff profiles. By providing clear statistical data on the staff, the staffing "snapshot" facilitated the Agency's ability to identify strategic human resource questions and formulate appropriate solutions.

40. UNRWA contracted an independent expert to conduct a review of its post classification system. The findings highlighted a need for significant reforms to make the classification system more transparent and equitable.

41. Members of the UNRWA Management Committee were assessed and coached by experts in leadership and management. Those activities provided an opportunity for senior managers to enhance their strengths while identifying areas where individual development was needed.

42. Steps were taken to simplify and streamline the Agency's internal justice system. An internationally recruited legal expert was engaged on a short-term contract to manage aspects of the reform and to expedite processing of the Agency's backlog of pending cases.

43. To improve the Agency's organizational methods, a process re-engineering initiative was initiated, with teams in all field offices reviewing key internal transactions and processes. In the Jordan field office, improvements were made in a number of support service processes. In the Gaza field office, the Schools of Excellence initiative provided the impetus for improving practices in education services. Some changes were also introduced through a review of emergency operations. Agency-wide process improvements were set in motion in the recruitment of international staff and senior area staff, procurement transactions and the management of vacancies. An online recruitment system was developed and piloted for Agency-wide implementation in 2008.

44. UNRWA established a partnership with the International Computing Centre to help the Agency to improve its information technology capacity. The Centre reviewed the Agency's connectivity and hosting platform, paving the way for reforms that will enhance the scope, capacity and reliability of the UNRWA information and communications technology infrastructure and establish the foundations for an enterprise resource planning project in the near future.

45. Organizational development workshops were conducted in all field offices, offering some 400 middle managers a deeper understanding of the purposes of management reform and their individual responsibilities within it.

46. A spokesperson was appointed to advise and support the Commissioner-General and the Agency on communications and media relations and to develop a comprehensive strategy for public information, media relations and internal communications.

47. The UNRWA Department of External Relations launched a resource mobilization strategy to increase interaction between UNRWA and its stakeholders through its intergovernmental processes, to redouble fund-raising efforts in the Middle East, to systematically explore alternative sources of staffing and to establish an office in Brussels.

48. In 2007, UNRWA continued to strengthen and consolidate the internal oversight function. Its Department of Internal Oversight Services played an advisory role in the introduction of the financial disclosure programme and the development of the Agency's whistle-blower protection policy. The Department helped revise internal regulations governing the advisory commission on external oversight, which in 2006 was restructured and strengthened with the inclusion of three external members. The commission met on two occasions in 2007. As a complement to

improved programme management, and in line with its determination to enhance the internal oversight function, the Agency secured the services of the Institute of Internal Auditors to conduct a review of UNRWA audit structures and practice. The Commissioner-General is committed to implementing the recommendations from that review as a matter of urgency. The Department continued monitoring the implementation of the recommendations of the United Nations Board of Auditors. As at the end of 2007, 16 of 34 recommendations had been implemented, 12 were under implementation, 5 were awaiting commencement of implementation and 1 had been withdrawn by the Board. Most of the recommendations still pending were expected to be addressed within the organizational development process.

D. Legal matters

1. Agency staff

49. The Israeli authorities, citing security concerns, continued to restrict the freedom of movement of UNRWA personnel in the occupied Palestinian territory. The restrictions included the external and internal closure of the West Bank and the external closure of the Gaza Strip; prohibiting local staff in United Nations vehicles from using the Erez crossing between Israel and the Gaza Strip or the Allenby Bridge, or from travelling in Israel and parts of the occupied Palestinian territory annexed by Israel; and the imposition of cumbersome procedures for obtaining permits for local staff to enter Israel and East Jerusalem. On many occasions, permits were not granted even though the procedures were followed.

50. When permits were granted to local staff they were required to travel on foot over the Erez crossing using a long tunnel. From October 2007, only holders of a diplomatic visa or a yellow card issued by the Ministry of Foreign Affairs were exempted from crossing Erez by foot. That requirement and other Erez crossing procedures often resulted in lengthy delays on the Gaza Strip side of the crossing, endangering staff members' safety. Local staff were often barred from using the crossing altogether. On several occasions, the Israeli authorities at Erez crossing and the Allenby Bridge refused to permit international UNRWA staff members in United Nations vehicles to cross without a vehicle search that would violate the immunity of the United Nations.

51. The above-mentioned restrictions are inconsistent with the Charter of the United Nations, the 1946 Convention on the Privileges and Immunities of the United Nations (the 1946 Convention) and the 1967 Comay-Michelmore Agreement, by which the Government of Israel is obligated to "facilitate the task of UNRWA to the best of its ability, subject only to regulations or arrangements which may be necessitated by considerations of military security".

52. In the Agency's view, most measures did not relate to military security, but were rather matters of police or administrative convenience. The Israeli authorities, however, maintained that the restrictions were necessary to protect Israel against terrorist threats.

53. In the West Bank, the coordination of staff travel with the Israeli military liaison officers was intensified. However, staff movement became more restricted and unpredictable as the number of Israeli checkpoints, road closures and other physical obstacles increased over the reporting period. It became increasingly

difficult to deliver Agency services in the area between the barrier and the 1949 armistice line, in particular to the Barta'a area. In the Gaza Strip, the movement of staff was affected by the rise in intra-Palestinian violence and Israeli military incursions.

54. Between January and June 2007, movement of local staff members through Rafah to Egypt was restricted, with the Rafah crossing open for only 30 per cent of its scheduled hours. As a result, local staff were forced to wait for days, or sometimes weeks, on the Egyptian side before gaining re-entry to the Gaza Strip. After the takeover by Hamas, the Rafah crossing remained closed, except briefly in December when it opened for about 2,000 hajj pilgrims. As local staff required permits from the Israeli authorities to cross Erez, and they rejected over 22 per cent (54 of 240) of the Agency's permit applications, some local staff were unable to leave Gaza for official business.

55. Movement restrictions imposed by the Israeli authorities on the occupied Palestinian territory have resulted in lost staff days, labour replacement costs and associated administrative costs totalling approximately $91,263.

56. During the reporting period, no significant movement restrictions were imposed on UNRWA staff by the Governments of Jordan and the Syrian Arab Republic or by the Palestinian Authority. In the aftermath of hostilities in northern Lebanon, the Lebanese authorities occasionally demanded to search Agency vehicles entering Nahr el-Bared. The Agency protested those incidents as contrary to the 1946 Convention.

57. At the end of 2007, eight staff members were in detention, all of them held by the Israeli authorities. Despite repeated requests made by the Agency in accordance with General Assembly resolution 36/232 of 18 December 1981, the Israeli authorities did not provide the Agency access to its detained staff or provide any information concerning them. The Agency was therefore unable to ensure that the rights and obligations flowing from the Charter of the United Nations and the 1946 Convention were respected or to consider whether disciplinary measures were warranted under its staff rules.

2. Agency services and premises

58. UNRWA is normally required to route its humanitarian shipments into the Gaza Strip through the Karni crossing, except for construction materials, which enter through the Sofa crossing. The Israeli authorities continued to impose transit charges on shipments entering the Gaza Strip, forcing UNRWA to pay $132,524 in 2007. In the Agency's view, the charge is a direct tax, from which it ought to be exempted under the 1946 Convention. From 12 June 2007, the Karni crossing was closed for all containers. Thereafter all UNRWA shipments were required to enter through secondary crossings at Sofa and, from November 2007, at Kerem Shalom. As neither of those crossings was capable of receiving containers, all container shipments had to be palletized at port prior to transport to the Gaza Strip. Furthermore, from June 2007, the Sofa crossing was closed to imports for 63 out of 164 scheduled operating days (38 per cent) and the Kerem Shalom crossing was closed for imports for 24 out of 134 scheduled operating days (18 per cent). Owing for the most part to closures of the Karni crossing by the Israeli authorities and to the requirement from June 2007 to palletize container shipments for entry through the Sofa and Kerem Shalom crossings, the Agency's normal operating charges for

storage, demurrage, transportation and palletization increased by some $1.9 million, including approximately $0.56 million for palletization costs.

59. From 14 June 2007, importation into the Gaza Strip of construction and other materials was prohibited. As a consequence, UNRWA was compelled to suspend or halt the tendering or completion of several construction and infrastructure projects. By September, the value of outstanding projects was $93 million. By the end of the year, 22 construction and 17 infrastructure projects worth $84 million were still pending. The Israeli authorities, citing security concerns, also refused to permit entry to the Gaza Strip of workshop equipment ordered by the Agency for its vocational training centre in Gaza. The Agency protested the refusal as a restriction on Agency imports contrary to the 1946 Convention. In the West Bank, six Agency construction and infrastructure projects valued at $0.45 million were delayed or stopped owing to restrictions on movement of personnel, vehicles and construction materials. In Lebanon, the entry of construction materials to the area adjacent to Nahr el-Bared camp as well as to camps in the south was subject to approval from the Lebanese army. This procedure, while cumbersome, did not cause major delays during the reporting period.

60. The Operations Support Officer programme continued in both the West Bank and the Gaza Strip. The programme played an invaluable role in facilitating access of staff members and UNRWA vehicles through checkpoints and to areas affected by Israeli military operations; in monitoring the humanitarian crisis among the Palestinian population; in the inspection of UNRWA installations; and in providing a measure of protection to refugees, including the displaced. In Lebanon, an Operations Support Officer capacity was initiated to support the Agency's emergency operation in relation to the Nahr el-Bared camp.

61. The 1946 Convention provides that "the premises of the United Nations shall be inviolable". Contrary to that legal obligation, the Israeli military forcibly entered UNRWA premises in the West Bank on six occasions, causing damage totalling some $2,000. In the Gaza Strip, UNRWA premises were forcibly entered and damaged by Israeli military forces on one occasion, and damaged during Israeli military strikes or shelling on seven occasions, resulting in damages totalling about $6,000. In Lebanon, all UNRWA installations in and around Nahr el-Bared camp were destroyed or severely damaged with losses estimated in excess of $11 million.

62. In the West Bank, Palestinian Authority security forces entered UNRWA premises on two occasions. On three occasions, armed Palestinians fired weapons or detonated explosives inside UNRWA installations. Palestinian militants hijacked UNRWA vehicles on two separate occasions, seizing one vehicle in one incident and two in another. All three vehicles were recovered. In the Gaza Strip, unknown armed Palestinians fired at an UNRWA venicle in which the Director of UNRWA Operations in Gaza was travelling. On 19 occasions Palestinian militants forcibly entered UNRWA installations and on 7 occasions fired their weapons or conducted other militant activity inside them, including on one occasion when militants fired rockets from an UNRWA school in Beit Hanoun during an Israeli military incursion. Three students and a head teacher were among those injured during an exchange of fire outside an UNRWA school. On one occasion, armed Palestinian militants hijacked an UNRWA vehicle, which was recovered later.

63. There were no incursions into UNRWA premises in Jordan or Lebanon. In October the Ministry of Health of the Syrian Arab Republic sealed an UNRWA

physiotherapy centre but reversed its decision in November, following interventions by the Agency and other Government authorities.

3. Other matters

64. During the reporting period, pursuant to a 1996 agreement, UNRWA was reimbursed by the Palestinian Authority the sum of $1,265,429 for value-added tax paid by the Agency. At 31 December 2007, the total amount of value-added tax still due to the Agency from the Palestinian Authority was approximately $20.7 million. The Palestinian Authority has continued to acknowledge its obligation to reimburse value-added tax to the Agency.

65. During the reporting period, the Agency was required, as it had been in the past, to pay port fees and other charges to the Syrian authorities, contrary to the 1948 Agreement between the United Nations and the Government of the Syrian Arab Republic. In 2007, fees and charges totalling $11,648 were paid. While the Ministry of Foreign Affairs has indicated that it would consider the matter, it remained unresolved at the end of the reporting period.

4. Legal status of Palestine refugees in the Agency's area of operations

66. The movement of Palestinians, including Palestine refugees, within, to and from the occupied Palestinian territory was tightly controlled and subject to a complex permit regime implemented by the Israeli authorities, notwithstanding the applicability of various agreements, including the Agreement on Movement and Access of 15 November 2005. Palestine refugees may obtain identification documents, but the Israeli authorities administer the population and control the issuance of identity documents for the West Bank, Jerusalem and the Gaza Strip. Palestine refugees have full access to Palestinian Authority services in the occupied Palestinian territory and the same voting rights as other Palestinian residents.

67. According to UNRWA records, the largest number of Palestine refugees resides in Jordan. Most enjoy Jordanian citizenship, and are legally entitled to work and to have access to governmental institutions and other assistance. However, Palestine refugees who left the Gaza Strip in 1967, and their descendants, are issued renewable Jordanian passports valid for two-year periods, albeit without national identity numbers. The 1996 Labour Law requires non-Jordanians to have legal residency and valid passports and permits in order to work legally. Access to social security benefits depends on reciprocal privileges in the worker's country of origin, rendering Palestine refugees ineligible. The Government of Jordan provides to Palestine refugees and displaced persons education, rent and utilities, subsidies and rations, camp services, health care, public security and social services.

68. In June 2005, the Ministry of Labour of Lebanon allowed registered Palestine refugees born in Lebanon to work at manual and clerical jobs and to obtain work permits, both of which were previously denied. Palestine refugees were still effectively prohibited from practising several professions, including medicine, law, journalism and engineering. Unemployment among refugees was high and living conditions poor. All Palestine refugees registered with UNRWA received identity documents and could acquire renewable travel documents. According to a 1957 decree still in force, Palestine refugees who are registered with the Directorate of Political and Refugee Affairs but who live outside the refugee camps can freely change their residence, but camp residents have to apply for permits to move to

other camps. Palestine refugees have limited access to government services and have to depend almost entirely on the Agency for basic services. Legislation preventing Palestine refugees from buying immovable property remained in force.

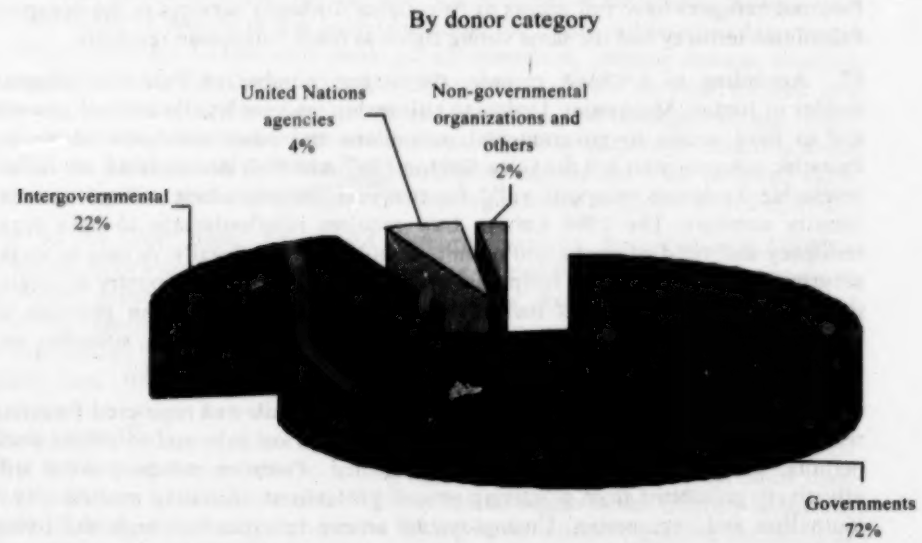
69. Palestine refugees in the Syrian Arab Republic continued to have full access to government services and to the labour market, with the exception that refugees who arrived in the Syrian Arab Republic on or after 10 July 1956 were not allowed to occupy civil posts in the Government. According to Syria's 1957 law on the legal status of Palestinians, Palestine refugees have almost the same legal protection as Syrian citizens but have no right to be naturalized or to vote. The Government of the Syrian Arab Republic provided to Palestine refugees such services as education, health, housing, utilities, security and social services.

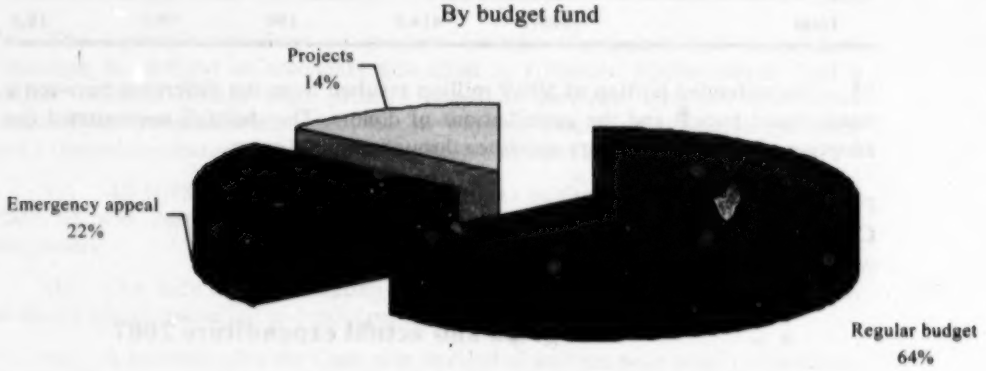
E. Financial overview

1. Sources of funding

70. With the exception of the international staff posts funded by the General Assembly through assessed contributions, UNRWA operations, projects and emergency appeals are funded by the voluntary contributions of donors (see figure I). The Agency's project expenditure mainly consists of non-recurrent costs funded by earmarked contributions for specific activities. Project funding supports and complements the Agency's regular activities and programmes.

Figure I
Distribution of sources of funding by donor category and budget fund





2. Expenditure

71. In 2007 the Agency expended an estimated $697.1 million (final figure available after 31 March 2008) against a total budget of $704.3 million on its regular budget, projects and emergency appeal activities. The largest component was an expenditure of $406.3 million under the regular budget, accounting for nearly 58 per cent of total expenditure. Emergency activities and projects accounted for 30 per cent and 11 per cent, respectively. The microfinance and microenterprise programme made up less than 1 per cent of total expenditure.

72. As in the past, education remained the largest programme in 2007, with a budget accounting for almost 62 per cent of the total (see table 1). Health, relief and social services, operational and technical services, and common services followed, accounting for 20 per cent, 9 per cent, 5 per cent and 4 per cent of the Agency's budget respectively.

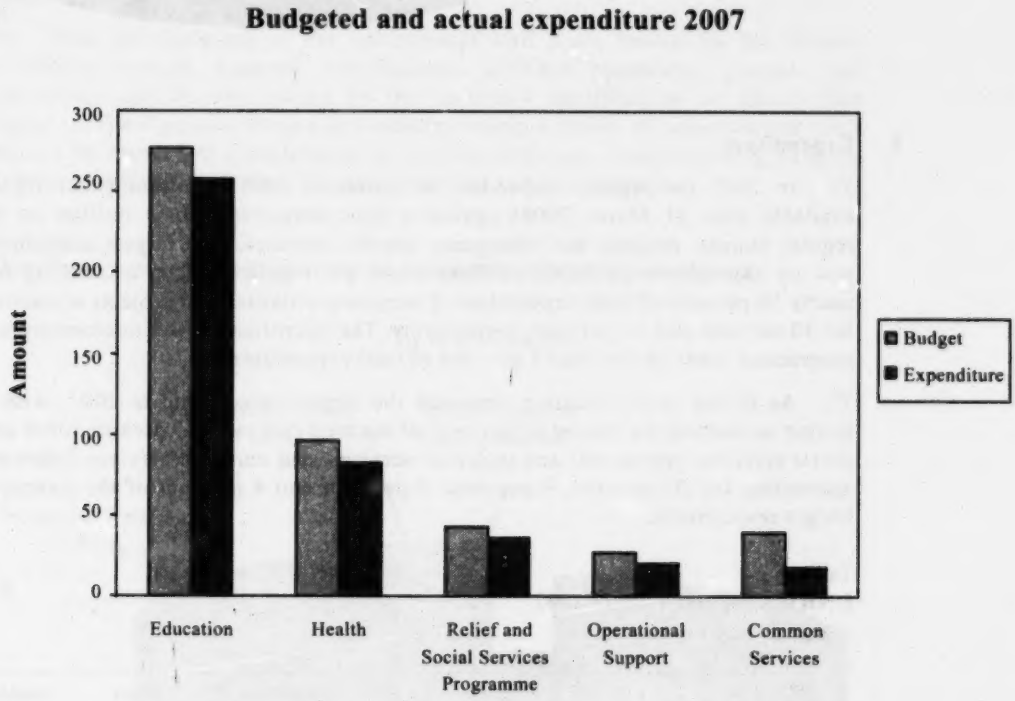
Table 1
UNRWA regular budget 2007
(Millions of United States dollars)

	Budget	*Expenditure (amount)*	*Expenditure (percentage of total)*	*Unfunded portion (amount)*	*Unfunded portion (percentage)*
Education	277.2	258.6	62	18.6	6.7
Health	95.9	82.4	20	13.5	14.1
Relief and social services	43.4	36	9	7.4	17.1
Operational support	27.3	20	5	7.3	26.7
Common services	39.4	17.8	4	21.6	54.8

	Budget	*Expenditure (amount)*	*Expenditure (percentage of total)*	*Unfunded portion (amount)*	*Unfunded portion (percentage)*
Other	22.5			22.5	—
Total	**505.7**	**414.8**	**100**	**90.9**	**18.0**

73. The unfunded portion of $90.9 million resulted from the difference between a needs-based budget and the contributions of donors. The shortfall necessitated the adoption of stringent austerity measures throughout the Agency.

Figure II
Comparison of the budget and actual expenditure
(Millions of United States dollars)



Chapter III
Subprogramme overview

A. Performance report for sub-goal I: education

74. The Agency's education programme includes elementary and preparatory education in addition to secondary education in Lebanon. Approximately half a million children benefit from primary education services. UNRWA also offers technical and vocational education, teacher training, placement and career guidance and a limited number of scholarships. Highlights in 2007 included the following:

(a) All UNRWA schools now benefit from a quality assurance framework. In 2007, it was complemented by the introduction of a school quality review framework;

(b) The Safe and Stimulating Schools initiative was launched to address issues of school discipline and child protection;

(c) A recovery plan for Gaza was devised to address poor pupil performance due in part to the prolonged and continuous disruption to education;

(d) The education programme reacted quickly to provide immediate access to school materials and examinations for the 10,000 pupils whose schools were destroyed in Nahr el-Bared camp and to plan for future provision in North Lebanon;

(e) A new vocational and technical education and training centre was established in the Gaza Strip;

(f) UNRWA university-level graduates ranked first among 13 public and private university institutions in proficiency tests in Jordan;

(g) Additional human rights, conflict resolution and tolerance programme materials were produced, and all UNRWA schools now have their own student parliaments.

Table 2
Education: performance by indicator[a]

Expected accomplishments	*Performance indicators*	*Achievements*
Maintenance and improvement of the quality of education provided in UNRWA schools and institutions by maintaining an environment conducive to learning; meeting the needs arising from the natural growth in the refugee population through upgrading and construction of facilities; and enhancing the skills and competencies of the Agency's teaching and training staff	(i) Maintenance of relatively high pupil pass rate in the elementary cycle	Unit of measure: percentage Target (2007): 96 Result (2007): 91.03

Expected accomplishments	*Performance indicators*	*Achievements*
	(ii) Maintenance of relatively high pupil pass rate in the preparatory cycle	Unit of measure: percentage Target (2007): 98 Result (2007): 92.53
	(iii) Maintenance of relatively low dropout rate in the elementary cycle	Unit of measure: percentage Target (2007): 0.50 Result (2007): 0.38
	(iv) Reduction in the dropout rate in the preparatory cycle	Unit of measure: percentage Target (2007): 2.80 Result (2007): 2.53
	(v) Number of additional educational facilities or other infrastructure facilities constructed or renovated	Unit of measure: number of facilities Target (2007): 384 Result (2006): 293
	(vi) Number of education staff from various categories (teaching and non-teaching) trained	Unit of measure: number of staff Target (2007): 1,800 Result (2007): 1,919
	(vii) Improvement in the pupil-to-teacher ratio in the elementary cycle	Unit of measure: ratio Target (2007): 36:1 Result (2007): 30.99:1
	(viii) Improvement in the pupil-to-teacher ratio in the preparatory cycle	Unit of measure: ratio Target (2007): 27:1 Result (2007): 24.39:1
	(ix) Number of schools operating on a double-shift basis	Unit of measure: number of schools Target (2007): 470 Result (2006): 517
Adaptation and improvement of course content and curricula in the general and technical education programmes to match developments in host countries	Percentage of the curricula adapted/improved relative to the total number of modifications required	Unit of measure: percentage Target (2007): 100 Result (2007): 100

Expected accomplishments	*Performance indicators*	*Achievements*
Adaptation and improvement of course content and curricula in vocational training institutions to meet changing market conditions	Percentage of the curricula adapted/improved relative to the total number of modifications required	Unit of measure: percentage Target (2007): 100 Result (2007): 100

[a] The figures provided refer to the academic year 2006/07. The school year starts in September and ends in June of the following calendar year.

Significant activities

75. The quality assurance framework was applied in all UNRWA schools so that standards and performance indicators were the criteria for measuring and evaluating their performance. A school quality review framework was also established. Staff from the fields and headquarters were trained using the school quality review manual, which provides technical and managerial tools and instruments to evaluate the work of the schools and the efficiency and effectiveness of the Agency's education policies.

76. The Safe and Stimulating Schools initiative was launched with the involvement of parents, students, education staff, non-governmental organizations, and United Nations entities to ensure that issues related to school discipline, child protection, safety in schools and community engagement were comprehensively addressed in partnership with refugee communities. The conferences were followed by awareness-raising and training for staff, parents and students.

77. A recovery plan for the Gaza Strip was devised to provide focused and intensive support to Gaza schools where pupil performance had been undermined as a result, in part, of the prolonged and continuous disruption of their education. Literacy, numeracy and language development were areas requiring particular attention. A new vocational and technical education and training centre was established in Gaza, with a number of semi-professional courses earmarked for female Palestine refugee trainees. The conflict at Nahr el-Bared camp in Lebanon caused the complete destruction of all school premises and equipment in the refugee camp, with nearly 10,000 students unable to attend school as of May 2007. The programme moved quickly to ensure that over 1,000 students facing final exams continued with their studies while the disruption to other children's education was minimized. All affected students were provided with textbooks, stationery, transportation, new identity documents and one meal per day, while those due for examinations were transported to schools in Tripoli to enable them to complete their preparations and sit for examinations in June. All displaced students were provided with psychosocial support, recreational activities and health support.

78. The human rights, conflict resolution and tolerance programme continued to be a landmark in the UNRWA education programme. Further materials were distributed and new activities begun, while all UNRWA schools established their student parliaments.

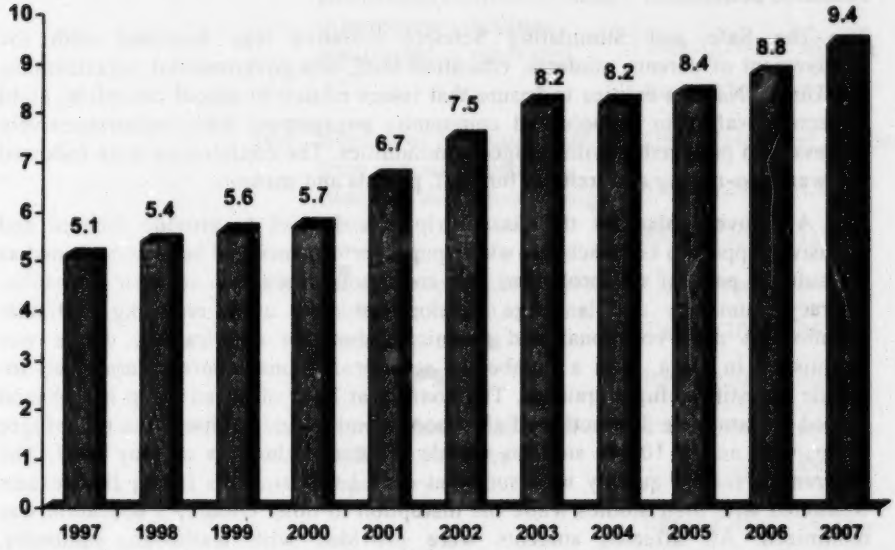
79. A number of senior and middle managers in education benefited from the first ever Agency-wide "Management and Leadership" training programme provided under the organizational development initiative.

B. Performance report for sub-goal II: health

80. The goal of the health programme is to safeguard and promote the health status of registered Palestine refugees within the Agency's five areas of operation. Highlights in 2007 included the following:

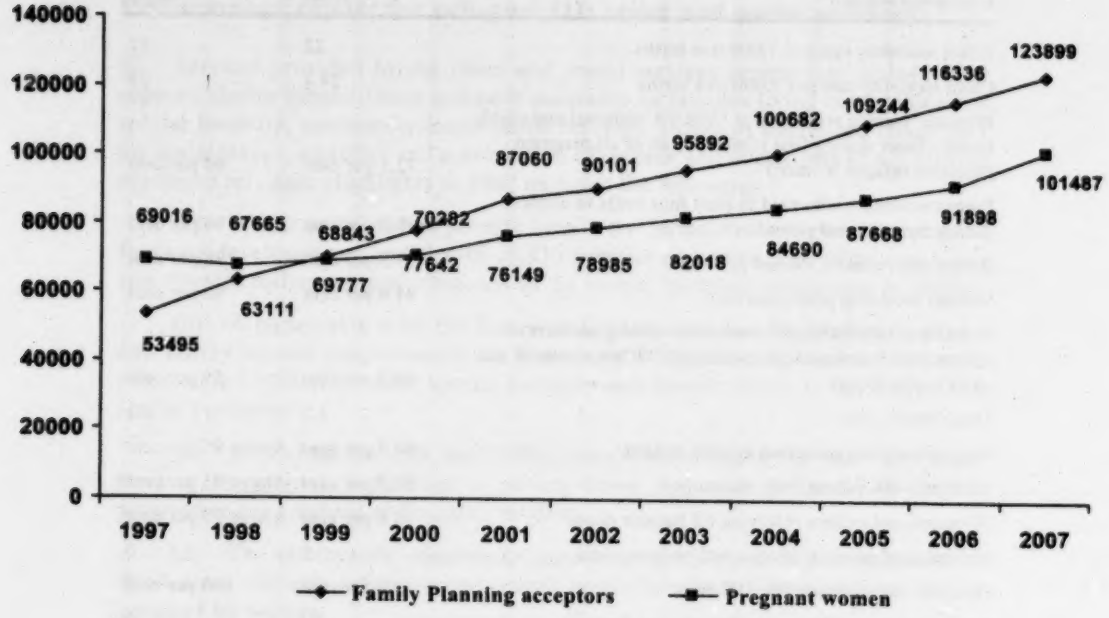
(a) Medical consultations provided to refugees rose by 4.8 per cent, to 9.4 million (see figure III). The number of refugees receiving hospital services decreased by 2.2 per cent to 74,081, while dental consultations increased by 7.8 per cent to 737,601;

Figure III
Utilization of curative medical services 1997-2007



(b) The number of newly registered pregnant women increased by 10.4 per cent, to 101,487, those receiving post-natal care rose by 11.8 per cent, to 85,881, and the number of family planning acceptors grew by 6.4 per cent, to 123,899 (see figure IV);

Figure IV
Correlation between number of pregnant women and family planning acceptors 1997-2007



(c) The number of patients with non-communicable diseases under supervision at UNRWA health facilities increased from 150,408 to 164,312;

(d) Technical instructions on maternal health were revised, and preconception care was introduced;

(e) Coordination was established with the Japan International Cooperation Agency to produce a maternal and child health handbook for the West Bank and the Gaza Strip, and a new growth chart was introduced in those fields;

(f) Joint activities with the United States Centers for Disease Control and Prevention (CDC) resulted in an agreement to conduct a Global Youth Tobacco Survey in all UNRWA fields of operation;

(g) Seven joint planning and evaluation meetings of programme and subprogramme managers in headquarters and the fields were held.

Table 3
Health: performance by indicator

Performance indicator	*Actual*	*Target*
Infant mortality rate per 1,000 live births	22	22
Child mortality rate per 1,000 live births	24.4	25
Pregnant women registered at UNRWA maternal and child health clinics during first trimester (out of all pregnant Palestine refugee women)	72.1 per cent	60 per cent
Pregnant women who paid at least four visits to clinics during the antenatal period	90.3 per cent	90 per cent
Babies delivered by trained personnel	99.8 per cent	98 per cent
Women receiving post-natal care	94.6 per cent	96 per cent
Prevalence of contraceptive methods among mothers of infants 0 to 3 years of age attending UNRWA maternal and child health clinics	66.2 per cent	55 per cent
Total fertility rate	3.2	3.2
Pregnant women protected against tetanus	99.5 per cent	Above 95 per cent
12-month-old infants fully immunized	98.7 per cent	Above 95 per cent
18-month-old infants receiving all booster doses	98.6 per cent	Above 95 per cent
Incidence of neonatal tetanus and poliomyelitis	0	0
Cure rate of smear positive TB cases	100 per cent	100 per cent
Average daily medical consultations per doctor[a]	97	70
Camp shelters with access to safe water	99.8 per cent	98 per cent
Refugee shelters connected to underground sewerage system	85 per cent	85 per cent
Female medical personnel	31.6 per cent	50 per cent

[a] The workload at UNRWA primary health-care facilities increased from 95 in 2006 to 96 patients per medical officer by the end of 2007, due to an increase in the load in Gaza field from 95 to 119 and in Lebanon from 83 to 89 patients per medical officer.

Significant activities

81. During 2007, family planning and maternal health-care services benefited from a new health management information system in all 127 UNRWA health centres, which allowed for the rapid interpretation of health-related data and the evaluation of medical outcomes.

82. Implementation of the Geographic Information System was initiated at the headquarters level to cover all subprogrammes. Maps of different activities were reflected in the annual health report and other documents.

83. A risk assessment analysis for non-communicable disease patients was conducted in 2007.

84. An analysis of the incidence rate of reportable infectious diseases between 1997 and 2006 was completed.

85. Analysis of medical prescriptions for patients with diabetes and hypertension during 2007 was completed.

C. Performance report for sub-goal III: relief and social services

86. Services provided by the relief and social services programme include food support; shelter rehabilitation and cash assistance to families living in conditions of special hardship; community-based social services; access to subsidized credit; and the maintenance, updating and preservation of records and documents of 4.6 million registered refugees. Highlights in 2007 included the following:

(a) Abject and absolute poverty lines were formulated and proxy means test formulas developed and tested with 15,433 families in Jordan. The effort was a key step towards rolling out major reforms of the special hardship programme in 2008;

(b) A partnership with the European Commission was established to pilot a new family income supplement in the Gaza Strip. A donation of 4 million euros (€) will enable UNRWA to tailor special hardship case benefit levels to the degree of a family's poverty;

(c) In conjunction with the UNRWA health department, the relief and social services programme introduced a poverty-based approach to its $4.48 million programme for pregnant and nursing mothers;

(d) The microcredit community support programme shifted to provision of small loans through refugee-administered community-based organizations largely managed by women;

(e) The relief and social services programme was unable to complete registration of the children of registered refugee women married to non-refugees, following the decision of the Agency to extend services to family members of those women. The situation was a result of insufficient funds to hire the additional staff required;

(f) The selective cash assistance fund benefited 1,642 impoverished refugee families during various emergencies in 2007. Many applicants could not be assisted because funding levels were 81 per cent lower than in 2005;

(g) During the year, the rehabilitation of 1,163 shelters for special hardship families was completed, representing 13 per cent of the total 9,500 shelters identified as being in need of rehabilitation;

(h) Software for the new Agency-wide Refugee Registration Information System was developed and was in its final testing stages by the end of the year. The system will computerize the records of 4.6 million refugees and will include the more than 8 million documents in the Palestine Refugee Records Project;

(i) In cooperation with the United Nations High Commissioner for Refugees (UNHCR), UNRWA continued to provide assistance to 3,894 Palestine refugees from Iraq in Jordan and the Syrian Arab Republic;

(j) A total of 73 special hardship case students were granted scholarships, representing 37 per cent of the Agency's scholarships during the year.

Table 4
Relief and social services: performance by indicator

		Achievements	
Expected accomplishment	*Performance indicator*	*2007 target*	*2007 result*
Improved quarterly delivery of food rations and cash subsidy "safety net" to special hardship case families	Percentage of food rations and cash subsidies distributed in relation to the projected ceiling	100 per cent	A quarterly average of 240,063 beneficiaries received their rations and cash subsidies, representing 98 per cent of the yearly projected ration/cash subsidy ceiling (245,652)
Improved quality of services	Satisfaction level of special hardship case families with the quantity of the food/cash basket	100 per cent	The satisfaction level of families stood at 43 per cent, as revealed by the social workers' annual reinvestigations of special hardship case families
Increased provision of selective cash to refugee families facing emergency financial crisis in a timely manner	Percentage of increase in number of special and non-special hardship case families receiving cash assistance in relation to the previous reporting period	Special hardship case families: 25 per cent Non-special hardship case families: 2 per cent	1,564 (2.4 per cent) of all special hardship case families benefited; 78 non-special hardship case families were assisted, representing 5 per cent of all non-special hardship case families. The target for the special hardship cases was not achieved owing to Agency-imposed austerity measures
Maintained ability to keep up-to-date computerized registry of all registered refugees through timely verifications and modification transactions	Percentage of modifications and verifications processed for refugees and Governments, United Nations agencies or valid officials	100 per cent	482,352 modification transactions completed; 150,611 verification requests processed; 100 per cent completion of all requests received
	Percentage of new registrations processed by headquarters within one month	100 per cent	243 new registration requests approved by the department of relief and social services, representing 98 per cent of the recommended cases for approval and 33 per cent of the total pending, received and rejected applications
Increased development opportunities for women	Number of women benefiting from skills training activities	7,000	8,743 (25 per cent increase)

Expected accomplishment	*Performance indicator*	*Achievements*	
		2007 target	*2007 result*
Greater access to services and opportunities for persons with disabilities	Number of persons with disabilities receiving direct rehabilitation services	11,000	14,714 (33 per cent increase)
Greater access of children and youth to educational cultural and recreational activities	Number of children participating	50,000	41,148 (17 per cent decrease) due to the situation in Gaza and the West Bank
Increased provision of credit and skills training opportunities to refugees	Number of clients benefiting from loan products	2,200	1,898 (13 per cent decrease). Target was not met due to the economic climate in Gaza and West Bank

Significant activities

87. The initial analysis of the special hardship reform pilot project (which surveyed all special hardship case families in the Jordan field), revealed that 20.25 per cent (15,433 families) were living below the abject poverty line, 65.2 per cent were living between the abject and absolute poverty lines (churning poor) and the rest were non-poor.

88. A total of 188 social workers and their immediate supervisors successfully completed eight courses for their certification in social services from Southern Illinois University (United States of America).

89. Following the Agency decision to provide services to family members of refugee women married to non-refugee men, 102,347 individuals were enrolled as non-refugees eligible to receive UNRWA services, out of which a total of 8,461 individuals were identified as special hardship cases.

90. A legal advice bureau, staffed by volunteer lawyers, was inaugurated at Yarmouk Women's Programme Centre in the Syrian Arab Republic.

91. More than 2,000 youth participated in the youth programme conducted in Jordan in coordination with the United Nations Children's Fund (UNICEF). The programme aimed at promoting the rights of Palestinian adolescents in the areas of self-empowerment, protection and participation, and at enhancing their access to safe spaces outside school.

92. In the West Bank, 50 children aged 9-12 years representing different refugee camps travelled to Spain and participated in summer camp activities in cooperation with the non-governmental organization Paz Ahora under the slogan "Discover Spain".

D. Performance report for sub-goal IV: microfinance and microenterprise

93. The Agency's microfinance and microenterprise department provides credit for small businesses, microenterprises, household consumption and housing needs to enhance the human development and mitigate the poverty of Palestine refugees. Highlights in 2007 included the following:

(a) Over a period of 17 years, the programme has financed 142,000 loans valued at $150 million. In 2007 it maintained its position as the leading microfinance organization in the occupied Palestinian territory, while expanding its operations in Jordan and the Syrian Arab Republic;

(b) The programme extended its branch office network to 15 offices by opening a new office in Al-Bayader, Amman, and another in Saida Zeynab, Damascus;

(c) The programme diversified its product base by introducing its consumer lending product into the West Bank and its women-only, solidarity group lending product into the Syrian Arab Republic;

(d) The programme increased its loan capital by just under $1 million from a contribution from the United States Agency for International Development-financed Small and Microfinance Assistance for Recovery and Transition programme, which enabled UNRWA to introduce consumer lending to working class and low-paid salaried families in the West Bank;

(e) The Organization of Petroleum Exporting Countries Fund for International Development made a supplementary contribution of $4.5 million to the PalFund trust fund, administered by United Nations Relief and Works Agency for Palestine Refugees in the Near East, for loans for Palestinian businesses in the occupied Palestinian territory. The fund now stands at $6.87 million and has financed 11,332 enterprise loans worth $12.43 million;

(f) In order to determine the market for savings products among the poor, the programme contracted an international company to undertake feasibility, market and product development studies, which indicated that 80 per cent of UNRWA clients and other respondents desired safe saving services if offered by UNRWA;

(g) In preparation for a future peace settlement, the programme hired an international contractor to undertake a scoping study on the prospects of transforming the UNRWA microfinance programme into an independent non-bank financial institution.

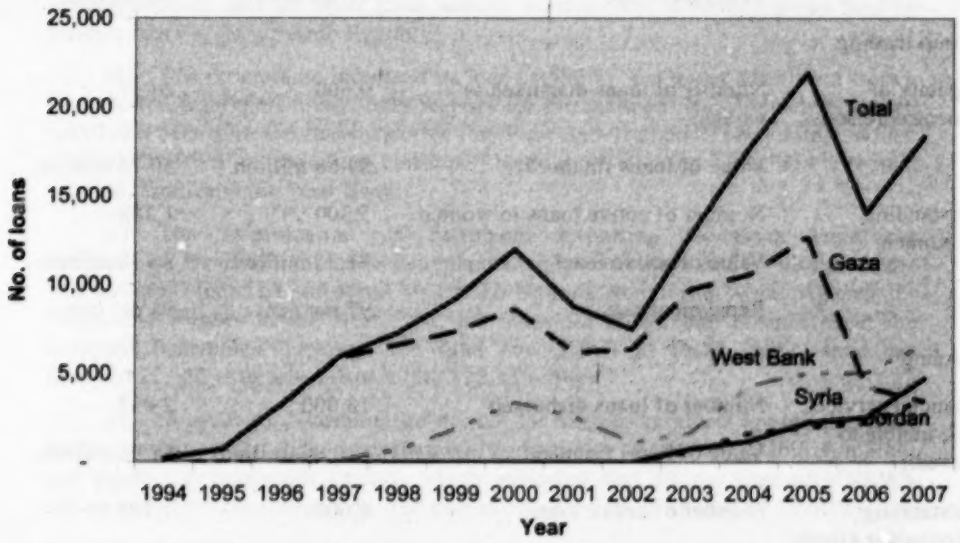
Table 5
Microfinance and microenterprise: performance by indicator

Expected accomplishment	*Performance indicator*	*Achievements*	
		2007 target	*2007 result*
Microenterprise credit			
Increased business development and income-generating opportunities	Number of loans disbursed	39,600	14,325
	Value of loans financed	$35 million	$15.95 million
Improved outstanding portfolio and number of active loans	Number of active loans	13,000	9,291
	Value of loans outstanding	$13.17 million	$6.90 million
	Repayment rate	97 per cent	98 per cent
Solidarity-group lending			
Increased capacity of women microentrepreneurs	Number of loans disbursed to women	9,600	2,037
	Value of loans financed	$4.68 million	$0.78 million
Improved outstanding portfolio for women	Number of active loans to women	5,300	1,388
	Value of active loans	$1.75 million	$0.34 million
	Repayment rate	97 per cent	95 per cent
Consumer lending			
Increased financial services to poor people unable to access bank credit	Number of loans disbursed	18,000	2,037
	Value of loans financed	$10.80 million	$1.92 million
Improved outstanding portfolio to consumer clients	Number of active loans	6,600	1,747
	Value of outstanding loans	$4.60 million	$1.15 million
	Repayment rate	97 per cent	95 per cent
Housing loans			
Increased business development opportunities for small-scale enterprises	Number of loans disbursed	520	285
	Value of loans financed	$2.70 million	$1.71 million
Improved outstanding portfolio	Number of active loans	700	424
	Value of outstanding loans	$3.20 million	$1.88 million
	Repayment rate	97 per cent	100 per cent

Significant activities

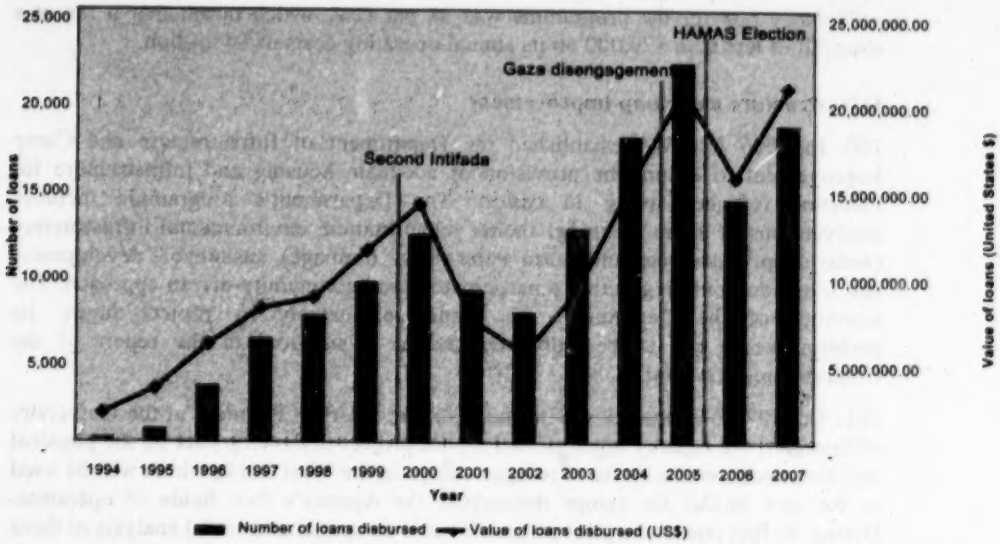
94. The ongoing border closure and economic siege of the economy of the Gaza Strip has curtailed the private sector to the point where many businesses are bankrupt owing to the closure of export markets and the inability to import raw materials. The internal market is constrained as many merchandising firms lack basic inventory, with many shop shelves bare. As a result, the credit outreach of the programme in Gaza continued to decline. It financed only 3,424 loans worth $4.90 million in 2007, compared to 12,685 loans worth $10.38 million in 2005. The economic consequences of the closure and the absence of the rule of law following the Hamas takeover of the Gaza Strip compelled the programme to write off 6,480 loans with a bad debt of $2.5 million as clients' businesses closed or ran down and were unable to repay their loans.

Figure V
Number of loans financed



95. Owing to the poor performance and increasing costs, the programme in Gaza shed 50 per cent of its staff, which numbered more than 100, to reduce costs and control operating losses.

Figure VI
Annual lending of the microfinance and microenterprise programme



96. The programme's outreach to women declined significantly in 2007 owing to the collapse of the market for solidarity group lending in the Gaza Strip. Loan financing to women microentrepreneurs in Gaza fell from 4,852 loans worth $3.04 million in 2005 to just 931 loans worth $0.61 million in 2007. Most women microentrepreneurs work in informal street markets and home-based putting-out enterprises for local producers. In the past, the sector provided a stable coping strategy where the poorest households could eke out a basic living. However, the closure of the Gaza economy has crushed its formerly resilient informal economy. Many formerly self-reliant women and their families are now dependent on food aid and other humanitarian assistance.

97. To compensate for the decline in product outreach in Gaza, the department focused on increasing productivity in other regions through the opening of two new branch offices and introducing new loan products in the West Bank and the Syrian Arab Republic. Those measures enabled the programme to reverse the decline in lending by financing 18,344 loans in 2007 compared to 14,023 in 2006. Moreover, the value of lending reached a record high of $20.52 million.

98. Increased donor support to the Palestinian Authority and the end of the public sector fiscal crisis of 2006 led to a revival of economic fortune in the West Bank, where the programme was able to increase its lending from 4,241 loans worth $5.42 million in 2006 to 6,622 loans valued at $8.39 million in 2007. During the same period, in the Syrian Arab Republic and Jordan, the programme increased its lending from 2,531 loans worth $1.98 million to 4,728 loans worth $3.02 million and from 2,216 loans worth $2.90 million to 3,570 loans worth $4.20 million respectively.

99. Since the onset of the intifada of September 2000, the programme has faced difficulty in reaching operational self-sufficiency, requiring a margin of subsidy to sustain it in the occupied Palestinian territory. In 2007, the overall operational self-sufficiency rate for the programme was 98 per cent, which meant that it ran at a shortfall of less than $70,000 on its annual operating costs of $4 million.

Infrastructure and camp improvement

100. In 2006 UNRWA established the Department of Infrastructure and Camp Improvement to ensure the provision of adequate housing and infrastructure for Palestine refugees living in camps. The Department's programme includes interventions in urban planning, shelter rehabilitation, environmental infrastructure (water supply, sewerage and storm water runoff drainage), sustainable development and livelihood building within a participatory and community-driven approach. The activities of the Department are funded exclusively by project funds. Its performance is yet to be fully reported as a sub-goal in the report of the Commissioner-General.

101. In 2007, in cooperation with the Institute of Urban Planning at the University of Stuttgart, the Agency implemented a pilot project to develop data on the physical and socio-economic aspects of refugee camps in the West Bank, which will be used as the new model for camps throughout the Agency's five fields of operation. During its first phase, the pilot project focused on spatial and social analysis of three camps, aerial surveys of all 19 West Bank refugee camps and discussions with community leaders and special hardship cases. The Department developed innovative three-dimensional models of the camps and their surroundings which will be shared with community representatives, UNRWA staff members and external stakeholders. The second phase of the pilot project will focus on participatory needs and camp asset assessments through workshops with camp representatives, non-governmental organizations and underrepresented social groups. A strategic master plan for implementation will be developed based on recommended interventions.

102. During the reporting period the Department also rehabilitated more than 300 shelters for special hardship cases; set up temporary shelters, schools, clinics and water and sanitation projects covering essential needs for refugees from Nahr el-Bared camp in Lebanon; and continued the implementation of a major environmental infrastructure project in the Syrian Arab Republic, the Khan Eshieh/ Khan Dannoun water supply and sewerage project.

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